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Strategies for eradicating poverty to achieve sustainable development for all

Report of the Secretary-General

Summary

The present report is submitted pursuant to resolution 2016/6 of the Economic and Social Council. It provides a review of progress made to date to eradicate poverty and various strategies that have been implemented by countries. The report also highlights challenges encountered and includes recommendations to accelerate the eradication of poverty in all its forms, including extreme poverty.

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I. Introduction

1. In its resolution 2016/6, the Economic and Social Council decided that the priority theme for the 2017-2018 review and policy cycle of the Commission for Social Development would be "Strategies for eradicating poverty to achieve sustainable development for all". The present report is therefore prepared for the review year in the two-year work cycle of the Commission. In the resolution, the Council also affirmed that the Commission would contribute to the follow-up of the 2030 Agenda for Sustainable Development, within its existing mandate, by supporting the thematic reviews of the high-level political forum on sustainable development on the implementation of the Sustainable Development Goals. In that regard, the Commission for Social Development is expected to provide substantive inputs to the 2017 high-level political forum that will be held under the theme "Eradicating poverty and promoting prosperity in a changing world". In the resolution, the Council further reaffirmed that the Commission would continue to review issues related to the follow-up and implementation of the Copenhagen Declaration on Social Development and the Programme of Action of the World Summit for Social Development,[1] and advise the Council thereon.

II. Poverty eradication in the context of the 2030 Agenda for Sustainable Development

2. The 2030 Agenda recognizes that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development. By placing poverty eradication at the centre of the 2030 Agenda and pledging to "leave no one behind" and to "reach the furthest behind first", the Agenda sets a powerful vision towards creating peaceful and inclusive societies based on universal respect for human rights and human dignity, the rule of law, justice, equality and non-discrimination. It ensures that all people, regardless of their background, can fulfil their potential in life, and lead decent, dignified and rewarding lives in a healthy environment.

3. The 2030 Agenda aims to address poverty in a more coherent, holistic and systematic manner. It seeks to find solutions to increasingly more complex and intertwined global challenges. Building on the lessons learned from the implementation of the Millennium Development Goals, the 2030 Agenda underscores the need for a coherent and coordinated approach to policymaking, implementation, monitoring and evaluation across all sectors. This approach enhances the ability of policymakers to formulate coherent and integrated strategies to achieve sustainable development by identifying and streamlining competing priorities, trade-offs or contradictory measures, and creating synergies among social, economic and environmental dimensions. The importance of building multi-stakeholder partnerships is also highlighted, allowing all segments of society to effectively contribute to the implementation of the Sustainable Development Goals.

[1] *Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8), chap. I, resolution 1, annexes I and II.

4. The 2030 Agenda aims to end poverty in all its forms everywhere, through goals and targets on various dimensions of poverty. Furthermore, poverty eradication, as the overarching goal, is mainstreamed into all other Goals and targets. Indicators identified under each Goal and target, in particular, multipurpose indicators, could effectively address interlinkages between Goal 1 and other Goals. Sustainable Development Goal indicators are disaggregated, where relevant, by income, sex, age, race, ethnicity, migratory status, disability and geographic locations, or other characteristics, which enables the identification of the location and characteristics of people living in poverty to address their specific needs.

5. New policy approaches and strategies are required to tackle poverty in all its forms, including extreme poverty. Maintaining the policy status quo will not get the job done, particularly the principle of ensuring that no one is left behind. Given the diversity among developed, developing and the least developed countries, strategies for eradicating poverty to achieve sustainable development for all cannot be of the one-size-fits all variety. Rather, strategies should reflect varying national contexts, priorities, capacities and fiscal constraints. Social, economic and environmental policies and strategies and the global partnerships worked together to bring about significant reductions in levels of extreme poverty and hunger and other dimensions of poverty. Evidence in this regard underscores the importance of political will, institutions, governance and the combination of mutually reinforcing policies and strategies. Policy coherence and integration and the sequencing of policy measures also contributed to progress towards eradicating poverty in all its forms. Successful strategies identified sources of growth and specific obstacles to pro-poor growth, stimulated sustained and inclusive growth, promoted the dynamic structural transformation of economies, invested in human capital formation, ensured food and nutrition security, created decent jobs and provided social protection. They also considered social development vital for long-term economic growth and prosperity, not a consequence of this growth.

6. Furthermore, eradicating poverty in all its forms should be considered within the context of national and international strategies for social, economic and environmental progress. In this framework, international development cooperation can play a more effective and sustainable role if it is integrated as part of the national development strategy assumed by the country in question. Therefore, national poverty eradication strategies can have more impact if there is integration and coherence with international support. This will require avoiding prescribing a universal set of actions to all countries. Owing to varying national contexts, each country and the regions and localities within a given country need policies and strategies that are tailored to their unique needs, priorities and historical circumstances.

7. The experience of various countries also shows that strong political, institutional and governmental capabilities are critical to eradicating poverty as well as combating issues such as illicit financial flows, corruption and tax evasion. Inclusive institutions permit a more direct participation of the citizenry in decisions and collective actions that affect their daily lives, such as accessing quality education and health-care services. In some countries, national development efforts, including poverty eradication, were undergirded by the implementation of reforms that encouraged decentralization, regionalization, flexibility and administrative

efficiency. Other countries placed strong emphasis on the role of the developmental State in directing national development efforts and regulating the market. Similarly, other countries have permitted markets to play a more prominent role in providing public goods and services such as quality education and health-care services. Some countries have also sought to strengthen the role of civil society, non-governmental organizations and the private sector in national development efforts. Hence, consensus-building among power groups, trade-offs, coalition-building, political context and history all influence national ownership and the impact of strategies for eradicating poverty to achieve sustainable development for all.

8. However, while countries should promote poverty eradication for all members of society, priority needs to be accorded to those furthest left behind, in particular women, persons with disabilities, youth, older persons and indigenous peoples. Similarly, the efforts of the international community should focus on countries further behind, in particular sub-Saharan Africa, the least developed countries and the small island developing States. Many of these countries have limited resources and productive capacity to fight poverty.

III. Progress in eradicating poverty

9. The world has made tremendous progress against poverty. In 2013, the most recent year for which data are available, 767 million people (10.7 per cent of the global population) lived below $1.90 per person per day, 1.1 billion fewer people than in 1990.[2] Poverty declined by 1.7 percentage points from the global poverty headcount in 2012. The continued decline in the number of the extreme poor is accounted for largely by progress in East Asia and Pacific, where the headcount declined to 3.5 per cent in 2013, from 7.1 per in 2012 and South Asia (from 17.5 to 15.1 per cent). In sub-Saharan Africa, the poverty rate declined to 41.0 per cent in 2013, from 42.6 per cent in 2012, representing a decline of only 4 million people. In Europe and Central Asia, the poverty headcount declined to 2.2 per cent in 2013, from 2.4 per cent in 2012. In Latin America and the Caribbean, the rate declined to 5.4 per cent from 5.6 per cent. Poverty remains stubbornly high in the least developed countries, where progress is much slower and where the challenges are greatest. In the Middle East and North Africa region, poverty has increased in recent years, particularly in countries affected by armed conflict and instability.[3]

10. When it is defined in relative terms on the basis of incomes representing less than 60 per cent of the median income, poverty increased in developed countries, especially in Europe. In 2012, more than 300 million people in developed countries were estimated to be living in poverty. However, the percentage of Americans living in poverty declined for the first time since 2006. In 2013, an estimated 14.5 per cent of the population lived below the poverty line, down from 15 per cent in 2012. Trends in child poverty since 2008 also remain a concern, with relative child poverty having increased in 23 member countries of the Organization for Economic

[2] World Bank, *Poverty and Shared Prosperity 2016: Taking on Inequality* (Washington, D.C., 2016).

[3] Economic and Social Commission for Western Asia and United Nations Environment Programme, "Arab sustainable development report, first edition" (E/ESCWA/SDPD/2015/3).

Cooperation and Development (OECD) since 2008. An estimated 77 million children lived in poverty in the 41 most affluent countries in 2014.

11. While there has been some progress in reducing undernourishment, with the number of people suffering from undernourishment falling from over 1 billion people in the period 1990-1992 to 780 million people in the period 2014-2016, the goal of eradicating hunger has not been achieved, particularly in sub-Saharan Africa and South Asia.[4] Furthermore, nearly 2 billion people suffered from micronutrient deficiencies, 156 million children under the age of five were stunted, 42 million children were overweight and 50 million children of the same age were wasted,[5] in 2015.[6]

IV. Strategies for eradicating poverty

A. Eradication of poverty through the promotion of inclusive and equitable economic growth

1. Integrated social and economic policy for inclusive and pro-poor growth

12. Historically, no country, developed or developing, has rapidly and sustainably reduced extreme poverty without economic growth. Growth has been the main source of progress against absolute poverty because it provides the resources for increased public investment in education, health, infrastructure, social protection and other critical investments. Cross-country evidence from the 1980s and 1990s showed that broad-based growth accounted for at least two thirds of reductions in extreme poverty.[7] The impact of growth on poverty was more pronounced when accompanied by strategies that ensured that the benefits of growth were widely shared.

13. However, economic growth is not sufficient to guarantee sustained poverty reduction. Poverty reduction strongly depends on the patterns and sources of economic growth and the manner in which the benefits of that growth are distributed. When initial inequality is high, the impact of growth on poverty reduction tends to be weaker. Growth tends to have a bigger impact on poverty when there is a shift towards greater equality. The benefits from growth must be broadly shared, including improving the incomes and welfare of those left furthest behind.[8] Such a strategy was very effective in East Asia, where the sharing of the benefits of growth included boosting public expenditures to expand access to

[4] Food and Agriculture Organization of the United Nations (FAO), International Fund for Agricultural Development and World Food Programme, *The State of Food Insecurity in the World: Meeting the 2015 international hunger targets: taking stock of uneven progress* (Rome, FAO, 2015).

[5] Wasting refers to a child who is too thin for his or her height.

[6] United Nations Children's Fund, World Health Organization (WHO) and World Bank, "Levels and trends in child malnutrition: joint child malnutrition estimates: key findings of the 2015 edition", 2016.

[7] Aart Kraay, "When is growth pro-poor? Evidence from a panel of countries," *Journal of Development Economics*, vol. 80, Issue 1 (June 2006), pp. 198-227.

[8] Jonathan D. Ostry and others, "Redistribution, inequality and growth", International Monetary Fund Staff Discussion Note 14/02, 2014.

universal primary education and free basic health care and infrastructure as well as enacting land reforms.

14. Maintaining the higher growth rate for the developing world as a whole seen since 2000 without a rise in overall inequality could potentially lift about 1 billion people out of extreme absolute poverty by 2030.[9] To achieve this success will require successful actions to create the conditions for sustained and rapid pro-poor growth that will generate more income-earning opportunities so that people living in poverty can engage in productive and well-paid work. More importantly, growth should not bypass the poor and should not be accompanied by rising inequality. Pro-poor strategies and policies should also be accompanied by effective and inclusive public institutions and the provision of quality services that are inclusive of all segments of society, including people living in poverty, disadvantaged and marginalized groups, and rural and remote areas.

15. Successful actions include implementing poverty-reducing economic reforms that ensure that markets work better for people living in poverty. They also entail ensuring that people living in poverty are able to participate and benefit fully from growth. Furthermore, growth has to be fair in creating better opportunities for, and unleashing the productive potential of, women, older persons, youth, persons with disabilities, indigenous groups and other groups left furthest behind.[10] Success in these areas will require that people living in poverty have access to quality education and health-care services, labour market opportunities, productive assets and financial resources. Furthermore, success also depends on the absence of major financial, economic and agro-climatic crises.

16. To achieve more pro-poor growth, greater efforts are also required to remove biases against people living in poverty in public spending in education and health, taxation, trade and regulation; to promote agriculture and rural development; to invest in local public goods and services in poor, rural and remote areas; to remove restrictions on migration; and to increase labour absorption in urban economies, particularly in small and medium-sized towns and cities. The substantial decline in rural poverty in India has been attributed to public expenditure in rural infrastructure, agricultural research, education and health.[11]

17. For growth to be inclusive and pro-poor, it must also create employment, which serves as the link between growth and poverty reduction. Creating decent employment opportunities that meet the demand for a growing labour force plays a major role in this context, as are efforts to increase the real incomes of people living in poverty, such as reducing income inequality and providing social protection. The countries that have followed employment-intensive strategies alongside high rates of growth are the countries that have succeeded in reducing poverty significantly. Strategies that focus on boosting decent employment in sectors where people living in poverty are concentrated tend to be more effective at reducing poverty compared with capital intensive sectors. The incomes of those at the bottom of the income

[9] Martin Ravallion, "How long will it take to lift one billion people out of poverty?", *World Bank Research Observer*, vol. 28, Issue 2 (August 2013), pp. 139-158.

[10] International Monetary Fund, OECD, United Nations and World Bank, "A Better World for All: Progress towards the international development goals", 2000.

[11] Shenggen Fan and others, "Government spending, growth and poverty in rural India", *American Journal of Agricultural Economics*, vol. 82, No. 4 (November 2000), pp. 1038-1051.

distribution grow faster when growth occurs in sectors such as agriculture and labour-intensive manufacturing.

18. In the 1970s and 1980s, Indonesia experienced patterns of growth that led to high rates of employment creation and poverty reduction. The proportion of people living on less than $1.90 a day declined from 83.4 per cent in 1981 to 9.8 per cent in 2013. Similarly, high rates of economic growth in Uganda and Viet Nam in the 1990s contributed to significant reductions in poverty. Over the same period, extreme poverty declined in Viet Nam to 3.2 per cent from 82 per cent, and to 34.6 per cent from 87 per cent in Uganda. These countries pursued pro-poor growth strategies by supporting smallholder agriculture and raising the productivity and real wages of agricultural labourers. Uganda also experienced a massive growth of household enterprises that had a positive impact on household incomes.[12] Brazil has also reduced poverty by maintaining high rates of economic growth and ensuring that State action contributed to improving the lives of people living in poverty. During the period from 2001 to 2006, the poorest 10 per cent of the Brazilian population experienced a 57 per cent growth in real income compared with a cumulative 7 per cent for the richest 10 per cent of the population. State action included scaling up the provision of conditional cash transfers to reduce poverty and inequality and boost human resources development.[13] Similar strategies were also adopted across the region, contributing to reductions in poverty and inequality.

2. Investing in agriculture and rural development for poverty eradication

19. Agriculture and rural economic activities are major sources of employment in developing countries. Extreme poverty and hunger in developing countries are largely rural phenomena and agriculture is at the heart of the livelihoods of the majority of people living in rural areas. Thus, investment in agriculture and rural development are critical to success in eradicating poverty in these countries. In reviewing the experience of African countries in the 1990s, the World Bank found that the countries that focused on boosting agricultural productivity, in particular that of smallholder farmers, as well as improving the non-farm rural economy, were able to post some of the fastest reductions in poverty.[14] Therefore, to speed up poverty eradication efforts as well as improve food security and nutrition, there is a need for strategies that better target the areas where poor people live and the activities on which they draw their sustenance. Effective agricultural strategies also include sectoral and macroeconomic reforms that address the distorted allocation of domestic and official development assistance (ODA) away from the agricultural sector. The neglect of agriculture that occurred during the structural adjustment of the 1980s and early 1990s, when international financial institutions reduced their involvement in or withdrew from the financing of agriculture and rural development, has been cited as a major cause of the persistence of poverty in

[12] Louise Fox and Obert Pimhidzai, "Is informality welfare-enhancing structural transformation? Evidence from Uganda", Policy Research Working Paper 5866 (Washington, D.C., World Bank, 2011).

[13] Thomas Trebat, "Is Brazil starting to grow faster and more equitably, and, if so, who should get the credit?", Latin America EconoMonitor, 5 October 2007, available from www.economonitor.com/blog/2007/10/.

[14] World Bank, *Pro-poor growth in the 1990s: lessons and insights from 14 countries* (Washington, D.C., 2005).

developing countries.[15] The distorted allocation of resources resulted in significant reductions in the public role in agriculture, in particular the provision of credit, subsidies, extension and research.

20. In Brazil, rural credit loans contracted to $6 billion in 1990 from about $25 billion in 1980. In Mexico, agricultural subsidies declined from 22 per cent of agricultural gross domestic product in the early 1980s to less than a quarter of that level at the end of the decade.[16] Across the developing world, similar cuts undermined agricultural production, particularly among smallholder farmers. Countries that sought to reverse such trends have been able to boost the contribution of agriculture to growth and poverty eradication. Enhancing financial inclusion and increased public investment in agriculture and the rural economy have been critical.

21. The experience of developing countries shows that access to land, in particular productive and irrigated land, and strengthening property rights are key instruments to raising farm and off-farm incomes. A further boost in agricultural incomes also occurs when farmers benefit from extension services that promote the efficient use of land and improved access to seeds, fertilizer, credit, irrigation systems and roads. Despite the importance of land and agrarian reforms in eradicating poverty and broadening options for off-farm income-generating activities, access to land remains unresolved in many countries, particularly in countries that inherited highly unequal patterns of land ownership. The issue of access to land and poverty eradication has also received increased attention in the recent past as a result of the surge in acquisitions of vast tracts of fertile land in developing countries by foreign Governments and companies eager to secure affordable food resources in highly volatile commodity markets. Concerns have emerged over displacing rural populations from their ancestral lands and curtailing their access to water, grazing lands, forestry and fisheries as a result of these purchases.

22. The experience of some Latin America and the Caribbean countries shows that placing family farming on the political agenda and establishing bodies within the State structures that are dedicated to family farming helps to boost the productivity of these farms. These bodies provide technical assistance, assist farmers to integrate into markets and provide inputs and finance. One of the most innovative approaches in this area has been the inclusion of family agriculture in the inter-sector policy frameworks. This has resulted in the preferential inclusion of family farming products in public procurement programmes, which are then used to improve the quality of school meals.

23. Given the limitations of subsistence agriculture and agricultural wage employment in developing countries, the rural non-farm economy has emerged as an effective exit path out of poverty. The potential routes out of poverty for most rural households therefore include some combination of market-oriented smallholder farming, non-farm activities in agribusiness, manufacturing and services, and rural-urban migration. In the least developed countries, total household income from non-agricultural activities typically exceeds agricultural wage income by a factor of

[15] *Rethinking Poverty: Report on the World Social Situation 2010* (United Nations publication, Sales No. E.09/IV.10)

[16] Max Spoor, "Two decades of adjustment and agricultural development in Latin America and the Caribbean", 2000, Serie Reformas Economicas 56

three to four.[17] To enhance the contribution of rural non-farm activities to employment creation and increasing incomes requires improvements in rural infrastructure, including transport, energy, communications and marketing and storage facilities.

24. The experience of China provides strong evidence of the positive role that the rural non-farm economy can play in generating employment, raising incomes and reducing poverty. The Government actively supported township and village enterprises in order to achieve agricultural modernization, absorb surplus labour from agriculture and reduce poverty. Between 1980 and 1995, 100 million new rural jobs were created.[18]

25. Government-run public work schemes that provide guaranteed employment to the poor or agricultural labourers have also gained in popularity in many countries. This includes the world's largest public works programme, the Mahatma Gandhi National Rural Employment Guarantee Act of 2005 in India. Since 2008, the programme has provided employment to more than 50 million rural households, and, according to data from the periods 2004-2005 and 2011-2012, it reduced poverty by 32 per cent and prevented 14 million people from falling into poverty.[19] The programme is also associated with improved nutrition, a lower incidence of child labour and better education outcomes for children. In some countries, agricultural strategies for poverty eradication have moved beyond boosting production and investing in roads and irrigation networks to improving market access and distribution. In 2008, Ethiopia launched a commodity exchange to serve smallholder farmers and small traders.[20] Within four years of the opening of the exchange, farmers' share of crop export prices doubled to 70 per cent, improving the incomes of farmers. Furthermore, 12 per cent of the members of the exchange were farmer cooperatives representing 2.4 million smallholder farmers. The exchange has also empowered smallholder farmers by ensuring that they can obtain current price information through the exchange.

3. Eradicating poverty through structural transformation and infrastructure investments

26. Structural transformation through industrialization remains the most effective strategy to eradicate mass absolute poverty and ensure continuous improvement in standards of living. The experience of today's rich countries as well as major emerging economies shows that promoting and achieving the structural transformation of economies through industrialization, technological innovation and industrial upgrading is the most effective condition for social and economic progress. The process of lifting workers from lower productivity jobs in the primary sector to better paying jobs in higher productivity secondary and tertiary sectors is

[17] *The Least Developed Countries Report 2015: Transforming Rural Economies* (United Nations publication, Sales No. E.15.II.D.7).

[18] World Bank, *World Development Report 1996: From Plan to Market* (Washington, D.C., 1996).

[19] Sonalde Desai and others, *Mahatma Gandhi National Rural Employment Guarantee Act: A Catalyst for Rural Transformation*, (New Delhi, National Council of Applied Economic Research, 2015).

[20] Eleni Gabre-Madhin, "A market for Abdu: creating a commodity exchange in Ethiopia" (Washington, D.C., International Food Policy Research Institute, 2012).

the primary channel through which structural transformation, or the increase in aggregate productivity, translates into poverty reduction. Therefore, achieving structural transformation usually follows significant improvements in agriculture and investments in human capital formation.

27. Lessons from history and from the recent past experience of several countries show that it is possible to transform the structure of the economy for sustained growth and poverty reduction. Factors such as geographic location, size and natural resource constraints are not sufficient to curtail a country's ability to transform the structure of its economy. Despite having few natural resources, Mauritius and Singapore have demonstrated that is possible to industrialize and raise living standards by harnessing existing comparative advantages and tapping into the potential of latecomer advantages.[21] Countries should therefore actively identify and facilitate the development of new industries consistent with their comparative advantages, such as having abundant natural resources or cheap labour that can attract labour-intensive light industries. Countries can also leverage the presence of skilled labour to attract higher-value-added manufacturing industries. Latecomer advantages entail emulating the experience of successful lead countries. Brazil, China and India represent emerging economies that implemented this strategy successfully, allowing them to generate rapid growth, job creation and significant reductions in poverty. For resource-rich countries, structural transformation strategies have often entailed pursuing commodity-based industrialization. For some developing countries, well-conceived agro-industrial development has contributed to reducing poverty.

28. The process of changing the structure of an economy can only significantly contribute to poverty eradication if that process stimulates rapid economic growth, is inclusive, generates employment and ensures that workers get a fair share of the gains brought about by increases in productivity. Furthermore, there is a need to promote industrial and social policies that are in line with the needs for an economy's transformation, in particular policies that foster diversification, create decent employment and reduce poverty and inequality. For example, policies and strategies in which the educational system is combined with on-the-job training and apprenticeships could produce the skills required for transformation. Encouraging entrepreneurship and innovation is also important. It should be noted that for structural transformation to create adequate employment and contribute to poverty reduction, it has to go hand in hand with a number of supportive measures that include the adoption of labour-intensive production processes and strengthening backward and forward linkages between activities and sectors. Some of the increase in productivity associated with transformation has to be passed on to workers to create additional demand and hence employment. Furthermore, countries need to address constraints to employment creation, such as infrastructure bottlenecks and inadequate workforce skills. Promoting rural development should also be an integral part of the structural transformation agenda.

[21] Justin Y. Lin, "From flying geese to leading dragons: new opportunities and strategies for structural transformation in developing countries", World Institute for Development Economics Research Lecture, Maputo, 4 May 2011.

B. Coherent social policy framework to ensure that no one is left behind

29. Effective policies and strategies for eradicating poverty have to be augmented by actions that strengthen people's resilience to cope with potential setbacks. When faced with health risks or economic, social and environmental shocks, people with limited savings or assets are unable to cope and are often pushed into poverty. Research has shown that 20-60 per cent of people who escape poverty tend to fall back into poverty within 4 to 10 years. This suggests that different strategies should be applied to tackle extreme poverty, prevent impoverishment and sustain those who escape from extreme poverty.

30. As risks affect people across the life cycle, combating poverty requires implementing universal pro-poor and inclusive policies, while addressing the specific needs of the extreme poor. This includes identifying where the poor live and their characteristics. This requires disaggregated, accurate and reliable data. Furthermore, monitoring the progress of poverty eradication should focus on all forms and dimensions of poverty, including, income, hunger, poor basic services, the lack of social protection and decent work deficits.

1. Investing in people and promoting empowerment

31. Education has been proven effective for poverty eradication, in particular working poverty, which affects almost 90 per cent of workers in low-income countries. It also improves health and nutrition, empowers women and reduces fertility rates. Furthermore, education provides skills that are required for green innovation and for boosting agricultural productivity. The United Nations Educational, Scientific and Cultural Organization (UNESCO) estimates that increasing tertiary education in 10 recent member States of the European Union would reduce the number of people at risk of poverty by 3.7 million. Despite impressive progress over the past decades, a large number of children and adolescents remain excluded from education. Globally, 263 million children, adolescents and youth were out of school in 2014.[22] An estimated 142 million youth (15-17 years old) were out of school, and 21 per cent of them live in sub-Saharan Africa. In 2014, almost 21.5 million children of primary age, or 35 per cent of out-of-school children, live in conflict-affected countries. Significant disparities in access to education also persist. Children from the poorest 20 per cent of households are more than four times as likely to be out of school as their richest peers. Furthermore, gender disparities still exist, particularly in secondary education.

32. Many children attending school do not necessarily attain expected learning outcomes. Despite record high enrolment rates, at least 250 million children lack the most basic reading, writing and numeracy skills. In 2013, about 757 million adults (aged 15 and older) were unable to read and write, of whom two thirds were women. Education programmes that focus on basic skills and direct instruction towards children's actual learning levels can help to address such challenges.

[22] UNESCO, *Global Education Monitoring Report 2016, Education for people and planet: Creating sustainable futures for all* (Paris, 2016).

33. A broad strategy is also required to invest in social infrastructure, human resources development and educational systems to broaden access to opportunity. Sufficient resources need to be secured to address the specific needs of marginalized or disadvantaged populations, including through offering early childhood education and care, mother-tongue education and lifelong learning opportunities. Such investments are a cost-effective strategy for promoting inclusive economic growth and ensuring greater returns in education and health.

34. UNESCO estimates approximately 69 million primary and secondary school teachers need to be recruited between 2016 and 2030 to achieve educational goals. There is also a pressing need for well-trained and well-compensated teachers, especially in sub-Saharan Africa and the least developed countries.

35. In addition to improving schooling outcomes, investing in health also has a great impact on poverty reduction through short- and long-term economic gains from improved health at the household level. For example, HIV antiretroviral therapy significantly increases labour force participation and increases the working hours of people living with HIV/AIDS. It also has large spillover effects for non-infected family members. Furthermore, malaria treatment has a positive impact on cognition and educational attainment for young children and on the enhanced productivity of workers. The availability of clean drinking water and sanitation also significantly improves the health and the quality of life of people living in poverty. For example, a point-of-use chlorine dispenser that can be directly installed at community water sources has shown to be effective in areas without clean water or piped connections to households.

36. Despite progress in reducing the global maternal mortality ratio by 44 per cent between 1990 and 2015, the current ratio of 216 deaths per 100,000 live births is unacceptably high. Similarly, despite the reduction of the global under-5 mortality rate by more than half from 1990 to 2015, an estimated 5.9 million children under age 5 died in 2015, mostly from preventable causes. In many low-income countries, about half of all deaths are caused by communicable diseases, while more than two thirds of deaths in middle- and high-income countries are related to non-communicable diseases.

37. Globally, 400 million people lack access to one or more essential health services.[23] Every year, around 100 million people are pushed into poverty, and 150 million people suffer financial catastrophe, owing to out-of-pocket payments for health services. Many more people are too poor to see doctors. Universal health coverage is necessary to ensure that all people everywhere can access quality health services without being forced into poverty. In that regard, more than 30 middle-income countries are implementing programmes towards universal coverage and many more are considering launching similar programmes. The success of such programmes will depend on adequate health financing and financial risk protection. Hence, it is notable that the World Bank has committed to contributing $15 billion in the next five years to improving access to universal health care. Furthermore, the World Bank and the Global Fund to Fight AIDS, Tuberculosis and Malaria have

[23] WHO and World Bank, *Tracking Universal Health Coverage: First global monitoring report* (2015).

committed to invest $24 billion in Africa over the next three to five years to support health reforms.

38. Inadequate water supply or sanitation remains a leading cause of poor health and death, poor learning outcomes and low productivity. While 6.6 billion people, or 91 per cent, of the global population had access to an improved drinking water source, an estimated 663 million people were still using unimproved sources or surface water in 2015. An estimated 1.8 billion people were also exposed to unsafe drinking water in 2012, a major contributor to diarrheal disease. WHO estimates that safe drinking water could prevent 1.4 million child deaths from diarrhoea and 860,000 deaths from malnutrition. In 2015, about 2.4 billion people lacked access to improved sanitation, with 946 million people still practicing open defecation. More than 80 per cent of wastewater resulting from human activities is discharged into rivers or sea without any removal of pollution. Tackling these challenges will require sustained infrastructure investments, and closing the vast disparities between rural and urban areas.

39. A fundamental shift is needed to value clean water, which is becoming increasingly scarce, as a result of changing climate patterns, overuse or the unsustainable use of water resources, pollution, and rapid urbanization. In addition, an enabling environment should be created to support innovative financing mechanisms, partnerships for facilitating technological transfers, international cooperation, institutional reform and capacity-building. Despite recent increases in aid flow to water and sanitation projects ($7.6 billion in 2010-2011), funding remains insufficient against existing demands, particularly in sub-Saharan Africa and the least developed countries.

2. Combating inequality

40. High levels of inequality pose a significant challenge to poverty eradication and sustainable development. The 2030 Agenda pledges to reduce inequality and leave no one behind so that all people everywhere enjoy equal opportunities to fulfil their full potential in life. With more evidence available on the magnitude and impact of inequalities, the need for effective policy interventions, including more equitable redistribution strategies, is widely recognized among developed and developing countries alike. Lower inequality is strongly associated with faster and more durable growth.[24]

41. The average income inequality within countries increased in the 1990s, but has been falling in recent years.[25] While Latin America and the Caribbean remains the region with the highest levels of inequality, it has successfully reduced income inequality in the past 10 to 15 years, contributing to reductions in global income inequality and poverty. However, the decline in global inequality in recent years is associated mainly with the rise of income in emerging countries. Furthermore, income inequality within some countries remains high, and has also increased in other countries. Inequality in wealth between the richest and the poorest has also

[24] Ostry and others, see footnote 8 above.

[25] Christoph Lakner and others, "Inequality in the typical country in the last 25 years — a strong increase followed by a recent decline", World Bank blogs, 17 October 2016, available from PovcalNet.

reached new extremes. According to the publication by Capgemini and RBC Wealth Management, *World Wealth Report 2015*, the wealth of global high net worth individual expanded fourfold during the past 20 years and reached $58.7 trillion in 2015, and is projected to surpass $100 trillion by 2025. Such a high concentration of wealth creates social and political tensions and is a source of economic inefficiency.

42. Other dimensions of inequality, such as the unequal distribution of land ownership, disparities in opportunities, access and outcomes of education and health have a significant impact on poverty reduction. In many countries, significant disparities persist in life expectancy at birth, child morbidity and mortality, and school attendance and completion.[26] Similarly, environmental hazards, including climate-related events, have differential impacts on poor and vulnerable groups and communities.

3. Poverty eradication through decent employment

43. The centrality of employment and decent jobs for poverty eradication is well recognized. Jobs provide income security and access to social protection. However, merely having a job does not necessarily guarantee an escape from poverty. The International Labour Organization (ILO) estimates that 327 million employed people were living in extreme poverty (below $1.90 a day) and 967 million in moderate or near poverty in 2015. In emerging and developing countries, almost one third of those living in extreme and moderate poverty have a job. However, these are low-skilled occupations and sometimes, unpaid jobs, with inadequate and unsafe working conditions and lacking social protection. Women face a higher risk of being in vulnerable employment than men. Even in developed countries, more than 80 per cent of the working poor are in wage and salaried employment, but with high levels of precariousness.

44. The number of workers in vulnerable employment is projected to grow by some 25 million over the next three years in emerging countries. In South Asia and sub-Saharan Africa, more than 70 per cent of workers are in vulnerable employment. In sub-Saharan Africa, an estimated 9 out of 10 workers are in vulnerable employment. These vulnerable workers often work in family farms, microenterprises and household businesses.

45. As a majority of poor workers are trapped in low-skilled, low-income and low productivity jobs, enhancing their skills levels, through providing vocational skills training and upgrading, is key to increasing their productivity and labour market participation. At the same time, upgrading and improving the quality of vulnerable work is necessary, including through the formal recognition of and policy development for the informal sector, and progressive extension of social insurance coverage to the informal economy. For example, in China in 2008, the implementation of legislation on labour contractors dramatically increased the coverage under written contracts. In South Africa, legislation on the minimum wage also improved the wages of domestic workers, while in the Philippines, the integration of waste scavengers into the recycling chain provided reliable wages.

[26] *Inequality Matters: Report on the World Social Situation 2013* (United Nations, publication, Sales No. 13.IV.2).

46. As a majority of the working poor live in rural areas and nearly two thirds of the working extreme poor are employed in agriculture and the informal economy, expanding decent job opportunities in rural agriculture and non-farm rural employment and reducing informality are therefore effective strategies for reducing poverty. This will require a progressive shift of the economy towards higher productivity sectors and the creation of decent job opportunities in new sectors; facilitating the transition of microenterprises, small and medium-sized enterprises from informal to formal employment; improving access to market opportunities; promoting financial inclusion; and closing digital gaps. Furthermore, creating jobs in green sectors, such as forest conservation and restoration, sustainable agriculture, water treatment and renewable energy in rural areas can increase incomes, reduce poverty and also redress the depletion of natural resources and environmental degradation.

47. Vulnerable workers, especially those from disadvantaged social groups, often face difficulties in exercising their rights to freedom of association and collective bargaining, which are essential to ensuring decent wages and sustainable livelihoods. Institutional capacities, including effective labour administrations and inspections, need to be strengthened at all levels to ensure adherence to international labour standards and the enforcement of the rule of law and regulations. For example, in Indonesia, legal reform and the ratification of the ILO Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87) increased the number of trade unions from 1 in 1997 to 87 in 2006. The reform of agricultural labour legislation in Brazil recognized farm labourers, and the constitutional reform of 1988 granted equal rights to urban and rural workers, which guaranteed protection against unfair dismissal, minimum wage, maximum working hours, annual paid leave, social security, safe working conditions and collective bargaining rights.

48. Inclusive business initiatives and public-private partnerships also play an important role in improving the livelihoods of poor workers. They can facilitate the transfer of resources to start and upgrade entrepreneurial activities. Financial services should be linked with wider business development services. The Rabobank Foundation, for example, conducts "value chain finance", and provides grants, short- and long-term loans for small holders and cooperatives in food and agribusiness. For some risks, Governments or aggregators, such as contract farming companies, may be better suited to take insurance and pass the benefits to poor workers, an example of which is weather index insurance in Mexico. The Access to Insurance Initiative, a global partnership working with insurance supervisors, promotes access to insurance for low-income populations worldwide.

4. Social protection to reducing vulnerability and building resilience

49. Social protection is an essential policy instrument to eradicate poverty and invest in human resources development. Social protection has evolved to include a wide set of policies that aim to address vulnerabilities, risks and deprivation, and enhance the capacities and resilience of people, in particular people living in poverty and vulnerable groups.

50. While social protection systems are widely accepted as major tools for addressing the multiple dimensions of poverty and deprivation, the fundamental

human right to social security remains unfulfilled for the large majority of the world's population. Only 27 per cent of the global population enjoy access to comprehensive social security systems, whereas 73 per cent are covered partially or not at all. Despite these challenges, more than 30 low- and middle-income countries have universal or nearly universal social protection programmes, and more than 100 countries are scaling up social protection and expanding benefits to new population groups. Several middle-income countries have significantly extended various elements of their social protection systems, particularly since the early 2000s. Low-income countries often target social protection more narrowly: it is temporary, on a small-scale and limited to certain areas or population. While these social assistance measures are effective in lifting people out of poverty, the risk of their falling back into poverty is high. In rural Ethiopia, only 40 per cent of those who escaped poverty remained above the poverty line between 1999 and 2009. In Viet Nam, approximately one third of households that escaped poverty fell back into poverty.[27]

51. Social transfer measures, including cash transfer schemes, have successfully reduced poverty in Africa, Asia, Central and Eastern Europe and Latin America, potentially delivering much faster results than those expected from the trickle-down effects of economic policies. In South Africa, non-contributory grants have reduced the poverty gap by more than one third; the *Oportunidades* programme in Mexico has reduced the numbers living in poverty by 10 per cent; and in Kyrgyzstan, the social protection programme has reduced the number of people living in extreme poverty by 24 per cent. Social transfers and taxation have also reduced poverty by more than 50 per cent in most European countries, while the expansion of food assistance in the United States has reduced the number of households in extreme poverty by half.[28]

52. By 2012, the number of developing countries with social assistance programmes had risen to more than 160, from less than 20 in 1990.[29] A number of emerging economies have introduced unemployment benefit schemes as a means of ensuring income security for unemployed workers and facilitating their job search in the formal economy. More recently, graduation programmes, time-bound and designed to empower the poorest of poor to move and stay out of poverty in a sustainable manner, with components including asset transfer, consumption support through cash transfers, health-care, savings, and social integration at the community level, have gained popularity. In particular, BRAC operates graduation programmes in 12 countries, serving 138 million people. This approach uses participatory selection to target the poorest of the poor, and graduation occurs when households achieve economic and social advancement over a period of time. Evaluations of the programme have shown broad improvements in key dimensions of economic and non-economic well-being in most countries where data are available. The available

[27] Andrew Shepherd and others, "What policy lessons can be learnt from cases of pro-poorest growth?" (London, Overseas Development Institute, 2016).

[28] ILO, *World Social Protection Report 2014-15: Building economic recovery, inclusive development and social justice*, (Geneva, 2014).

[29] Institute of Development Studies, International Social Science Council and UNESCO, *World Social Science Report 2016, Challenging Inequalities: Pathways to a Just World*, (Paris, UNESCO, 2016).

evidence suggests that the long-term effects of the programme outweigh the up-front costs.

53. A growing number of countries have also introduced universal coverage for old-age pensions, with significant positive impacts on poverty reduction. Other countries are expanding the coverage of disability and maternity benefits, and cash transfers for children of poor households. Nearly one in seven countries in the world provides non-contributory child benefits on a universal basis, primarily in Europe and a few other OECD countries. In Mongolia, the Child Money programme is the only universal child grant in developing countries that targets all children under 18 years of age. In South Africa, the Universal Disability Grants are the only non-contributory allowances covering persons with disabilities and persons with chronic illnesses such as HIV/AIDS. In the Plurinational State of Bolivia, the old-age pension (Renta Dignidad), the first universal pension scheme in Latin America, successfully lowered poverty by 14 per cent, reduced the incidence of child labour and increased school enrolment to almost 100 per cent.

54. To achieve progressive realization of universal coverage requires strengthening national policies and strategies to develop comprehensive social protection systems as well as designing, reforming, or extending the coverage of social assistance measures to provide minimum guarantees for the poor and the most vulnerable. Following the adoption of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development (see General Assembly resolution 69/313, annex), countries are committed to providing fiscally sustainable and nationally appropriate social protection systems and measures for all, including floors, with a focus on those furthest below the poverty line and vulnerable.

V. Means of implementation: resource mobilization and partnerships for poverty eradication

55. Eradicating poverty in all its forms and dimensions, including extreme poverty, will require a mix of financial resources and non-financial policies and regulations, for example, technological innovation and transfer for climate change mitigation and adaptation, capacity-building for people and institutions, inclusive globalization, fair trade and the creation of enabling environments at the national and international levels.

56. In developing countries, a significant proportion of financial resources are expected to come from domestic sources, complemented by ODA and flows from private sources. Domestic public finance is a central component of financing the sustainable development agenda, and will be critical in financing social development. To boost domestic public finance, countries can improve their tax collection and enforcement systems, combat corruption and reduce illicit financial flows, and strengthen international tax cooperation. The Addis Ababa Action Agenda also emphasized the importance of aligning government expenditure with sustainable development, for example, reaffirming the commitment to rationalize inefficient fossil fuel subsidies while minimizing possible adverse development impacts and protecting the poor and affected communities.

57. Inclusive, equitable and sustainable development also benefits from renewed and strengthened global partnerships. Between 2014 and 2015, ODA from members of the Development Assistance Committee of OECD rose by 6.9 per cent in real terms, reaching $131.6 billion. Bilateral aid to the poorest countries also rose by 4 per cent in real terms. Bilateral aid to the least developed countries rose by 4 per cent in real terms in 2015 from 2014, amounting to $25 billion. Preliminary ODA figures indicate that total ODA from members of the Development Assistance Committee to the least developed countries in 2014 was $41 billion, or 0.09 per cent of gross national income, significantly below the United Nations targets of 0.15-0.20 per cent. According to OECD data, ODA to social infrastructure — which includes governance, education, population, health and water and sanitation, amounted to $63.2 billion in 2014, equivalent to 38.2 per cent of total ODA.

58. Private investment is also critical to realizing the Sustainable Development Goals. However, private finance and investment is not always allocated to areas where it is needed for sustainable development. As regards foreign direct investment, gross inflows of foreign direct investment to developing countries are expected to decline in 2016 to $675 billion, from $765 billion in 2015, but are projected to reach $818 billion in 2018.[30] These flows can complement domestic private sector activity and contribute to successful economic growth, especially when they foster broad-based and labour-intensive growth, employment, income growth and poverty reduction. Countries should make the best use of all available resources, and should have national sustainable development financing strategies that set out what resources are available and how they can be used for achieving sustainable development. Such national strategies can then set priorities for investment on the basis of national circumstances, and focusing on ending poverty in all its forms and dimensions while leaving no one behind.

VI. Conclusion and recommendations

59. Eradicating poverty in all its forms and dimensions, including extreme poverty, requires greater efforts at the national and international levels to leverage the accomplishments and lessons learned in implementing the internationally agreed development goals, including the Millennium Development Goals. This will ensure the implementation of the Sustainable Development Goals in their entirety. Fostering conditions for sustainable poverty eradication requires implementing a broad set of mutually reinforcing social and economic policies and strategies as well as leveraging the synergies between them. High priority areas include promoting structural transformation; inclusive and pro-poor growth; the creation of decent employment; investing in education and health; agriculture and rural development; infrastructure development; empowering people; and providing universal social protection. Investments in these areas should be complimented by combating rising inequality and fostering an enabling international environment, including the provision of official development assistance, strengthening public institutions and making them more transparent and inclusive, creating broad policy coalitions and fostering policy coherence and integration.

[30] United Nations Conference on Trade and Development, *Global Investment Trends Monitor*, No. 24 (6 October 2016).

60. In the light of the priority areas set out above, the Commission for Social Development may wish to consider the following recommendations:

(a) **Prioritize formulating and implementing comprehensive, integrated and coordinated approaches to achieve sustainable poverty eradication. This entails addressing the structural causes of poverty, including high and rising inequalities, insufficient redistributional policies, biases against people living in poverty in public spending, taxation and trade and social exclusion;**

(b) **Prioritize and commit sufficient resources to enhance human capacity by investing in education, health care, safe drinking water and sanitation. Countries are encouraged to progressively realize universal social protection, including floors, while at the same time extending the coverage of social transfer measures to provide minimum guarantees to the most vulnerable;**

(c) **Prioritize and commit sufficient resources to develop the human and physical assets of people living in poverty and ensure that credit, land, and labour markets work better for them. Greater attention should be given to strengthening access to land and the land rights of women and indigenous groups;**

(d) **Promote structural economic transformation in order to provide productive economic opportunities and raise standards of living and incomes, generate decent employment and increase the tax base to allow public revenues to meet the recurrent costs for social expenditures and infrastructure development, including through supporting income-generating activities such as microenterprises, small and medium-sized enterprises;**

(e) **Increase public spending on agriculture and rural infrastructure, improve access to credit and markets as well as promote rural economic transformation through development of the rural non-farm economy;**

(f) **Continue to work with development partners to create an enabling environment for inclusive, multi-stakeholder partnerships.**